

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

STEWARD HEALTH CARE SYSTEM LLC,
*et al.*¹

Debtors.

Chapter 11

Case No. 24-90213 (CML)

(Jointly Administered)

**THE COMMONWEALTH OF MASSACHUSETTS' JOINDER IN THE EMERGENCY
MOTION OF TRACO INTERNATIONAL GROUP S. DE R.L., AMONG OTHER
THINGS, COMPELLING PAYMENT BY DEBTORS OF PREMIUMS DUE UNDER
INSURANCE POLICIES [ECF 3341]**

The Commonwealth of Massachusetts, by and through the Executive Office of Health and Human Services of the Commonwealth of Massachusetts and the Attorney General of the Commonwealth of Massachusetts (“Massachusetts” or the “Commonwealth”) files this Joinder (the “Joinder”) to the Emergency Motion of TRACO International Group S. De R.L. (I) Compelling Payment by Debtors of Premiums Due Under Insurance Policies; (II) Compelling Payment of Prepetition Settlement and Defense Costs in Compliance with Previously Entered Orders; (III) Compelling Assumption or Rejection of Insurance Policies; (IV) Lifting Automatic Stay to Permit the Cancellation of Insurance Policies; (V) Compelling the Return of TRACO Funds Held by the Debtors; and (VI) Granting Related Relief [ECF No. 3341] (the “TRACO Motion to Compel”).

On October 7, 2024, the Commonwealth filed its motion seeking entry of an order compelling Steward to comply with its legal obligations to maintain workers’ compensation and

¹ A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ claims and noticing agent at <https://restructuring.ra.kroll.com/Steward>. The Debtors’ service address for these chapter 11 cases is 1900 N. Pearl Street, Suite 2400, Dallas, Texas 75201.

medical malpractice insurance coverage. [ECF No. 2806] (the “Commonwealth Motion to Compel”). On October 28, 2024, Steward Health Care System LLC and its affiliated debtors (collectively, “Steward” or the “Debtors”) filed their objection to the Commonwealth Motion to Compel. [ECF No. 3051] (the “Objection”).

Since the filing of the Objection, the Commonwealth and Steward have had discussions concerning Steward’s insurance situation and both Steward and TRACO have provided limited coverage-related information to the Commonwealth. Although Steward has procured a workers’ compensation insurance policy that covers only its remaining Massachusetts employees since November 1, 2024, the medical malpractice insurance situation remains unresolved. Indeed, TRACO’s motion confirms the Commonwealth’s concern that Steward’s post-petition reserves for post-petition malpractice claims is insufficient.

On or about December 2, 2024, TRACO filed the TRACO Motion to Compel seeking, among other things, to compel the Debtors to pay pre- and post-petition premiums. If Steward were to pay these premiums, it could go far to satisfying Steward’s malpractice coverage obligations and minimize the negative impact of Steward’s failure to adequately reserve for post-petition malpractice claims.

Steward’s current financial position and the limited extension of the FILO DIP loan also highlight that, unless set aside for the exclusive purpose of satisfying medical malpractice claims, Steward’s voluntary reserves, if insufficient, may not be used for their stated purpose. Thus, in addition to the relief requested by TRACO, the Court should require that these reserves and payments to TRACO be isolated from the Debtor’s other assets and dedicated exclusively to compensate victims of malpractice.

CONCLUSION

The Commonwealth joins in the TRACO Motion to Compel and respectfully requests that the Court (i) grant the relief sought in the TRACO Motion to Compel, (ii) order that all insurance reserves and payments to TRACO be isolated from the Debtor's other assets and dedicated exclusively to compensate victims of malpractice, and (iii) grant such other and further relief that is just and proper.

Dated: February 11, 2025
New York, New York

Respectfully submitted,
COMMONWEALTH OF MASSACHUSETTS,
By its attorney,

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Certificate of Service

I certify that on February 11, 2025, I caused a copy of the foregoing document to be served via the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Hugh M. McDonald
Hugh M. McDonald